

**St Mary Rehabilitation Working Group Meeting
Wolfer's Diner, Atrium Mall, Havre, Montana
10:00 – 3:00 August 24, 2005**

Welcome and Introductions:

Members present: Lt Governor Bohlinger, Randy Reed, Randy Perez, Michael DesRosier, Mike Tatsey, Marko Manoukian, Max Maddox, Bud Mavencamp (for Kevin Salsbery), Dolores Plumage, Mike Barthel, Steve Page, Matt McCann, Jim Rector, Dave Peterson, Paul Tuss, Larry Mires (Executive Director), Paul Azevedo (State Coordinator) Absent: Gary Anderson, John Lacey

Information included in meeting handouts:

- Meeting agenda
- Copy of letters dated 7/26/05 to members of Congressional Delegation RE: legislative-drafting services.
- Summary of June 22, 2005 Working Group meeting
- Handout titled "The need to seek new project authorization."

Lt. Governor Bohlinger opened the meeting by thanking Mike Barthel and the Havre Chapter of Walleyes Unlimited for sponsoring refreshments for the meeting. Lt Governor Bohlinger also introduced Larry Martinson, Fresno Chapter of Walleyes Unlimited president. Mr. Martinson presented the Working Group with a \$5,000 donation and thanked them for their efforts in rehabilitating the St. Mary Facilities.

Review and approve meeting agenda

- Dolores P. requested time to discuss setting up a process for parties interested in providing services to the Working Group to submit a resume or statement of qualifications.
- Michael DesRosier requested time to discuss communication between Glacier County and MT Department of Transportation on the spending of federal transportation funds targeted to replace the St. Mary Bridge.
- Meeting agenda approved by consensus.

Review the notes and action items from the July 27th meeting

- Paul Azevedo reviewed draft notes from July 27 in Cut Bank. No changes were requested. Notes were approved by consensus.

Continue discussion on project authorization

- Paul A. provided a summary of discussions from the past few meetings on reauthorizing the project.
 - Under the 1902 Reclamation Act, the Bureau of Reclamation is fully authorized to repair, rebuild, or replace the St. Mary Facilities. However, irrigators within the eight irrigation districts holding water contracts with Reclamation would be required to pay approximately 98 percent of the replacement costs in the year they are incurred. If the contract holders are satisfied with current arrangement, there is no need to seek new federal authorization.

- John Tubbs (DNRC) led further discussion on reauthorizing the project. Intention of discussion was to raise questions. The package of provisions that will be included in the new authorization has to be acceptable to the contract holders in the basin. It also has to be sold to Washington D.C. Basic need for irrigator's is to have an affordable and adequate water supply. Blackfeet need to realize benefits from the project.
- Broad outlines of the new authorization were spelled out in the letter dated 7/26/05 from the Lt Governor's office to members of Montana's Congressional Delegation.
- Timeline to submit new authorization language to Congress is February '06. This is only 5 months away. By that time, the Working Group needs to know what constitutes an acceptable package of provisions. Irrigators need to talk with irrigators and neighbor to neighbor.
- Randy Reed voiced concern with timeline. Reclamation has been requested to draft first cut of legislation. Will they be done in time? We need to have a Plan B.
- Some of the questions and concerns raised during the discussion included:
 - Need to exempt holders of irrigation contracts from Reclamation's acreage limitations.
 - What does it mean to enter into a new water contract with the US Bureau of Reclamation? Who will hold the new contracts? Will each district have their own contract (current setup) or is there a need to set up a single entity to oversee all the contracts?
 - How many acres will be subject to assessment for the cost of rehabilitating the system? Will acres irrigated by contract pumpers and state-based water right be included? Matt McCann saw this as an opportunity to bring all the irrigators together.
 - Irrigator's are assessed by the acre regardless of whether or not water is actually delivered. Is it possible to decrease assessments during drought? Dave Peterson noted that the City of Havre is assessed by the volume of water delivered. They typically use 8,100 acre-feet/year.
 - Exiting benefits must be protected. This includes wetlands and wildlife.
 - Would it be possible to spread the cost over a larger population through an ad-valarium (sp?) tax?
 - New authorization cannot impact water rights of Ft. Belknap Reservation.
 - Lots of questions still remain to be answered.
- John Tubbs ran through several cost-share scenarios with the aid of an Excel spreadsheet he developed. Spreadsheet included many assumptions that may or may not be valid, but it provided a good point from which to begin examining the outcome of different cost-share packages.
 - Basic assumptions included a project cost of approximately \$120 million, Federal government would pay for mitigating environmental damage on Blackfeet Reservation, and there is no change in the number of acres currently assessed (110,000 acres).
 - Under the current authorization formula, cost to irrigators would be \$63.38/acres for 40 years.

- Assuming additional benefits were recognized as described in Reclamation's draft current use benefits study, the cost would drop to \$43.10/acre for 40 years. (WHAT IS RATIO?)
 - Assuming 80/20 cost-share with the federal government on the irrigation portion of benefits would lower the cost to \$4.31/acre for 40 years.
- Mike Dailey (DNRC) will work with Marko M., Matt M., and Kevin S., to set up meetings with contract holders. Purpose of meetings are to brainstorm concerns and issues to be aware of in seeking new federal authorization for the St. Mary Facilities. Contract holders will also be urged to review their contracts.

Update on International Joint Commission Administrative Task Force

- Rich Moy (DNRC) gave an update on International Joint Commission (IJC) Administrative Task Force that is looking into ways to improve the apportionment of waters in the St. Mary and Milk Rivers between the U.S. and Canada.
- Task Force is made up of six members, 3 each from the US and Canada. Members are:
 - Ross Herrington, Environment Canada (Canadian co-chair); Dan Jewell, USBR (US co-chair), Ron Billstein, HKN Engineering representing the Blackfeet; Russ Boals, Water Resources of Canada; Bob Davis, US Geological Survey; Wayne Dybvig, Saskatchewan; Dave McGee, Alberta; and Rich Moy, Montana.
- Rich stressed that the Task Force only has authority to provide recommendations to the IJC on how to more equitably apportion the water between the two countries. The Task Force has no say in how each country apportions their share internally. Task Force is limited to looking at the administrative procedures that implement the 1921 Order.
- Under the existing administrative procedures the US receives only 44% of the combined flows. This drops to 40% in dry years. Some of the recommendations being examined would help the US in average years, but there is little benefit in dry years. Rich felt that constraints imposed by the original 1921 Order limit the Task Force's options. The IJC will have to make changes to the 1921 Order if Montana is to see any relief in dry years.
- Task Force will submit a draft report to IJC in November. IJC will then hold at least one meeting in Alberta and one in Montana to take public comment on draft report.

Updates from Congressional Delegation staff members

Mike Waite, Field Representative for Congress Rehberg – Congress is currently in recess so there has not been a lot of activity in D.C. Jason Begger has been staying in touch with John Tubbs.

St. Mary's operation report

Ed Hedlund (USBR) gave an update operations update for the St. Mary Facilities.

- Storage in Nelson reservoir is about 93% of average
- Storage in Sherburne same as last month
- Installation of expansion joints at Hall's Coulee Siphon is on temporarily on hold.
- Fresno outflow modifications - \$358k spent on 11 modifications. Over ran budget by \$92k.

Working group budget

- Paul Tuss presented a financial statement covering from January 1 '05 to August 16 '05.
- Deposits = \$27,002. Payments = \$46,799.04. Balance = \$79,376.06

National Water Resources Association & Family Farm Alliance

- Larry Mires provided information on two national organizations that are interested in the St. Mary Rehabilitation Project. Both organizations view the St. Mary Project as a harbinger for the larger national issue of Reclamation's aging infrastructure.
 - The National Water Resources Association (NRWA) is a nonprofit federation of state organizations whose membership includes rural water districts, municipal water entities, commercial companies and individuals. As an Association they are concerned with the appropriate management, conservation, and use of water and land resources on a national scope. Additional information can be found at <http://www.nwra.org>.
 - The Family Farm Alliance (FFA) is an organization that advocates for family farmers, ranchers, irrigation districts, and allied industries in seventeen Western states. The focus of their efforts is to the availability of reliable, affordable irrigation water supplies to Western farmers and ranchers. Additional information can be found at <http://www.familyfarmalliance.org>
- Larry indicated that having two national organizations support the project in Washington D.C. is a major boost to the Working Group's and state's efforts. Governor's office has expressed support for working with these two organizations.
- Larry recommended that the Working Group invite representatives from both organizations to visit the project site and attend the Working Group meeting in September.
- Working Group members agreed to invite representatives from the NWRA and the Family Farm Alliance FFA to tour the project site and attend the September Working Group meeting. The group further agreed to use Working Group funds to purchase plane tickets for Kris Polly (Legislative Director, NWRA) and representatives of FFA. Agreement was for 2-3 tickets.

Progress report on Phase 2 Engineering Studies

- Erling Juel (TD&H) gave a status report on the Phase 2 engineering studies.
 - Task 1 – Install slope stability monitors at the St. Mary River Siphons. Permitting process through Blackfeet Historic Preservation Office and USBR is under way. Scheduled to start drilling on September 12.
 - Task 2 – Engineering alternatives studies.
 - Team member UMA Group Ltd. is looking at the Canadian route and engineering alternatives for the siphons.
 - Team member TCB-AECOM (formerly ECI) is looking at several alternatives for the drop structures.
 - TD&H is focused on developing engineering alternatives for the diversion dam, headgates and design of the canal prism.
 - DNRC, TD&H and Reclamation will be meeting to discuss design standards and cost estimating standards

- Task 3 – Economic Study – John Duffield with Bioeconomics will be meeting with DNRC and USBR to discuss USBR's methods for doing an economic benefit analysis.
- Task 4 – Basin hydrology study – In order for TD&H to analyses a range a canal sizes, they need to know how much water is physically and contractually available at the headgate and when those flows occur. TD&H will be meeting with representatives from DNRC and USBR to discuss available hydrologic data for St. Mary River Basin. Mike Tatsey stated that the Blackfoot Tribe had to be involved in the discussions because the Tribe's water was at stake. Paul A. agreed to make sure that Ron Billstein (Blackfoot's engineering consultant) participated in the meeting.
- Paul A. and Erling J. have a weekly conference call to monitor progress.

Executive Committee's recommendation on hiring an Exec. Director

- Executive Committee held a conference call on August 5 and August 12 to discuss the position of Exec Director. Since last February Larry Mires has incurred
 - 15,600 minutes of cell phone time
 - 12,000 miles of travel
 - 55 days away from home promoting project (not including 2 trips to DC)
- Two River Growth is no longer interested in continuing with the contract. Larry Mires is willing to assist the Working Group while they find a new Exec. Director. Executive Committee felt that with all the activity going on back in Washington, now was not the time to change over to a new director.
- Executive Committee recommended the Working Group keep Larry as Executive Director. His focus will be on promoting project legislation at the state and federal level.
- Larry said he would agree to work through February '06 on legislative tasks. Compensation would be limited to payment of his expenses.
- After a long discussion, the Working Group agreed to extend Larry Mires' term as Executive Director for 6 more months. Larry will only be reimbursed for his actual expenses. Working Group funds will be used to reimburse Larry.
- Paul Tuss reported that a project Bear Paw Development has been involved in would probably be ending in December. As a result, his office will have excess administrative support capacity. He presented a proposal for Bear Paw to provide administrative support to the Working Group. Cost would be \$2,491/month for a part time person. This includes salary, office expenses and travel.
- Working Group supported contracting with Bear Paw Development to provide administrative support to the Working Group. Citing a professional conflict of interest, Mike Barthel and Paul Tuss abstained from decision.
- While she supported the decision, Dolores Plumage expressed concern with how agreement was reached. She felt that there may be other people in the community capable of doing the job, but they were never given the opportunity to apply.

Comments from Working Group members

Dolores Plumage

- Felt that the Working Group is making decisions on hiring people without a formal policy on how to go about doing it. There may be a lot other people in the basin that can help the group, but we have no way of knowing who they are. To maintain public support, the group needs to have an open door policy and be accessible.
- She would like to see the group develop policy laying out a process for people to submit resumes or qualifications to the group. Everything should be kept on file.
- Dolores agreed to Chair a subcommittee to establish a process for tracking qualifications of local resources that may be interested in providing professional services to the Working Group. Paul Tuss and Marko Manoukian will serve on the committee.

Michael DesRosier

- There is some concern among Glacier County Commissioners about how the federal funds recently appropriated for the St. Mary Bridge would be expended. He turned the conversation over to Dan McCauley, the County's engineer for the bridge project.
- Dan McCauley (Great West Engineering) – Great West has already done a lot of pre-engineering work on the bridge as part of the County's TSEP grant application. Great West is prepared to finish the engineering design work and start construction next Spring. Concerned that the whole process will now get slowed down since the federal funds are going to MT Dept of Transportation. If the federal funds were transferred to the county, they could continue with the project and potentially avoid any delays.
- John Tubbs agreed that having the federal funds go to MDoT presented an unanticipated wrinkle to the process. However, he was not unduly concerned because Jim Lynch (Director of MDoT) is a "can-do guy" with lots of experience in this area. Federal program these funds are coming from may limit ability to transfer them to county.
- DNRC will arrange a phone call between Glacier County, MDoT, and the Blackfeet Tribal Council to review process of expending federal transportation funds earmarked for the St. Mary Rehabilitation Project.

Public Comment

Michael DesRosier introduced Chief Earl Old Person. Mr. Old Person spoke very eloquently about what the land and water mean to the Blackfeet people. He has been an interpreter for the Tribe since the late 1940's. He has interpreted for two generations of Tribal Elder. Each generation talked about the land and water that is being discussed today. The Blackfeet have been pushed from Ft. Benton all the way back to the mountains. The Elders would joke and say that if it were not for the mountains, the Blackfeet would be in the ocean.

All the Blackfeet have left is the land and water of the Reservation. The Blackfeet have every reason to be skeptical of any discussions concerning their land and water. It is all they have left. They have entered into many treaties with the government only to be told later that the agreement was not what they had been led to believe. Sometimes they were not even consulted about treaties that gave away their land and water. The Tribe was never consulted about the Treaty with Canada that gave away a portion of the St. Mary River. The Blackfeet need to be involved in all aspects of today's discussions. He trusts that Mike Tatsey and Michael DesRosier

are being involved. The Blackfeet are depending on them. He does not want to see his people left behind again.

Prior to wrapping up the meeting Larry Mires requested approval for an expenditure related to Working Group outreach.

- Larry found a trailer that can be used to haul the section of siphon pipe that has been used as a display. Pipe weighs 2,697 lbs. Trailer is rated for 4,400 lbs. Anybody with a 2 inch ball hitch will be able to pull it. Trailer is valued at \$5,400, but is available for \$750. It will need some work such as new wheel bearings and tires. Total cost to get the trailer up to snuff and get the pipe mounted is about \$1500. Trailer will be licensed through the Valley County Conservation District doing business as the St. Mary Rehabilitation Working Group.
- There was some discussion on insurance requirements, but no resolution. Larry agreed to look into insurance.
- Working Group agreed to spend up to \$1,500 on the trailer and setting it up as a display.

Review action items; determine location and agenda items for next meeting.

- Next meeting will be held in Great Falls on September 28.
- Agenda will include continued discussion on new project authorization and a discussion with representatives from the National Water Resources Association (NWRA) and the Family Farm Alliance (FFA).

Summary of Agreements

- Approve notes from July 27 meeting in Cut Bank
- Approve meeting agenda.
- Agree to invite representatives from the National Water Resources Association (NWRA) and the Family Farm Alliance (FFA) to tour the project site (9/27) and attend the September Working Group meeting (9/28).
- Agree to use Working Group funds to purchase plane tickets for Kris Polly (Legislative Director, NWRA) and representatives of FFA. Agreement was for 2-3 tickets.
- Agree to extend Larry Mires' term as Executive Director for 6 more months. Larry will only be reimbursed for his actual expenses. Working Group funds will be used to reimburse Larry.
- Agree to contract with Bear Paw Development to provide administrative support to the Working Group.
- Agree to expend up to \$1,500 of Working Group funds on buying a refurbishing a trailer to haul the St. Mary siphon display around the basin.
- Agree to extend meeting by 30 minutes.
- Agree that the next meeting will be held in Great Falls on September 28.

Summary of Action Items

- Mike Dailey (DNRC) will work with Marko M., Matt M., and Kevin S., to set up meetings with contract holders. Purpose of meetings are to brainstorm concerns and issues to be aware of in seeking new federal authorization for the St. Mary Facilities. Contract holders will also be urged to review their contracts.

SMWG Meeting Notes
August 24, 2005

- Invite Ron Billstein (consultant for the Blackfeet Tribe) to meeting between DNRC and USBR regarding St. Mary River hydrology.
- Dolores Plumage will Chair a subcommittee to establish a process for tracking qualifications of local resources that may be interested in providing professional services to the Working Group. Paul Tuss and Marko Manoukian will serve on the committee.
- DNRC will arrange a phone call between Glacier County, MT Dept of Transportation, and the Blackfeet Tribal Council to review process of expending federal transportation funds earmarked for the St. Mary Rehabilitation Project.
- Larry Mires will make arrangements for the September meeting to be held in Great Falls.